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ABSTRACT

The training needs of Connecticut's small businesses and their employees are not being adequately met. Small businesses face an economy placing increasing demands on them: a worsening labor shortage, an aging work force, and changing skills in the workplace. Gaps in private and public sector training programs impede small businesses from meeting the training challenges these demands present. This report identifies the following key training issues: on-the-job training lacks structure, public sector programs are fragmented and reach few people, training programs are too costly, and small companies do not have the resources to develop in-house training programs nor to purchase outside training programs. The report makes recommendations to address these issues. It calls for action in four areas of small business training: (1) to improve the content of public and private sector training programs for on-the-job, basic skills, customized, and formal training; (2) to strengthen the delivery of these programs; (3) to enhance the communications on training goals and programs between suppliers and consumers of training and between employers and employees; and (4) to increase the coordination of training activities in the state to fill gaps and avoid unnecessary duplication. The report's methodology (literature review, public attitude surveys, and in-depth follow-up interviews) is described. Twenty references and a list of experts interviewed are appended. (KC)

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Closing The Gap:

Meeting The Small Business Training Challenge In Connecticut

January 5, 1989

A Jobs for the Future, Inc. Report

Prepared by:
Richard C. Harwood

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Introduction

Today the training needs of Connecticut's small businesses and their employees are not being adequately met. Small businesses face an economy placing increasing demands on them: a worsening labor shortage, an aging workforce, and changing skills in the workplace. While more training is not always the answer to these demands, training that is required must be sound and accessible. Yet gaps in private and public sector training programs impede small businesses from meeting the training challenges these demands present.

The gaps are found across the board. On-the-job training often lacks the structure and content to give workers the skills they need. While many public sector programs provide essential assistance to small companies, overall they are fragmented, not well marketed, and have limited reach. Low-cost, accessible formal training is closed to many small businesses—simply because not enough opportunities are open. Finally, many small businesses have neither the expertise to develop in-house training programs nor the resources to purchase programs outside.

This Jobs for the Future (JFF) report, *Closing the Gap: Meeting the Small Business Training Challenge in Connecticut*, identifies these key training issues and gaps and makes recommendations to address them. In doing so, its purpose is simple: to give a clear picture of the challenges involved, not to be an exhaustive research report.

JFF calls for action in four areas of small business training, namely to:

- improve the **content** of public and private sector training programs for on-the-job, basic skills, customized and formal training;
- strengthen the **delivery** of these programs in both the public and private sectors;
- enhance the **communications** on training goals and programs between suppliers and consumers of training and in the workplace between employers and employees;
- increase the **coordination** of training activities in the state to fill gaps and avoid unnecessary duplication.

The Small Business Training Challenge

In 1986, JFF released its ground breaking report on the changes Connecticut's economy will undergo in the next decade. These changes present great challenges.

Now, as then, Connecticut faces a major labor shortage of two dimensions. Too few workers are available to fill the jobs of the future. And many of those workers who are available don't have the skills needed to work in today's changing economy.

Compounding these challenges is a changing workforce. It is aging. 75% of all workers in the year 2000 are on the job today and demands will be placed on these workers to keep up with the rapidly transforming workplace. Also the workforce must expand to fill the jobs of the future. Yet a large segment of the additional workers needed for this expansion will be women and minorities, many of whom have not been part of the labor force until now.

Connecticut's small businesses stand squarely in the path of these mounting challenges. 77,000 small businesses with fewer than 250 employees make their home in Connecticut. These companies employ 65% of the state's private sector workforce; they will create roughly 60% of all new jobs over the next ten years. They stretch across every city and town. And they are as diverse in their products and services as they are great in number.

A skilled workforce is essential to the success of these firms. Consider, for example, a business with just ten or fifteen employees: each individual importantly effects the operations and productivity of that firm. In a small company every worker's contribution counts. There is often no cushion for poorly skilled or inefficient workers.

Developing a trained workforce is a challenge for many businesses, especially for small ones. Many small business managers don't have the time or the in-house capability to anticipate and plan for future workplace changes. They may lack training expertise. And they typically don't have the financial resources to hire outside training providers, send a worker cross-country to a training program or develop appropriate on-the-job training.

Indeed today Connecticut's small businesses find themselves caught between the demands of the changing economy and limited resources. Observers might say the training challenges that emerge from this squeeze are just too great to meet.

This JFF study provides three reasons for renewed hope in tackling the small business training challenge. It deciphers the training needs of small businesses and their workers so that these needs can be clearly understood. It identifies a number of pragmatic solutions that should be carefully considered. And while the small business challenge will not be met quickly, it shows that important progress can be expected in the short term.

The report is based on survey research with representative samples of 350 small business managers and 350 small business employees (both of companies with fewer than 250 employees). The surveys were supplemented with intensive, in-depth interviews with training experts and small business managers to validate the survey findings and to test the reality of possible actions.

The Small Business Training Study: Findings, Gaps and Recommendations

In identifying the training and education needs of Connecticut's small businesses and their employees, this report answers a key question: Are the public and private sectors in the state prepared to meet small business' training needs?

The answer is no.

Findings and Gaps

The reasons for this answer are found in the findings and program gaps presented in this report. They are:

Employees want formal training, yet most training is done on the job and is inadequate.

Finding: 88% of employees say that formal training is the best training method to use; over a third report that on-the-job training is a poor or fair method. Yet 88% of employers use on-the-job training most of the time. Formal training is rarely used.

Gap: Formal training is not a viable option for many small businesses; for instance, it can be too costly to use and require workers to take too much time off from work. Meanwhile, small business on-the-job training lacks the structure and content to give workers the skills they need.

More training is needed in competencies, but public and private sector programs are not prepared to meet this need.

Finding: Small business employers and employees agree on the need for more training in specific competencies, namely: working well with others; communicating effectively; analyzing and solving problems. In addition, 49% of employees want training in reading, writing and math, and 51% of employers report their workers need such basic skills training.

Gap: No coherent strategy exists, either in the public or private sectors, to develop the core competencies workers should learn in training programs and to identify the levels of proficiency they should master. Moreover, only 15% of small business employers consider

basic skills training a priority, and even fewer, 11%, provide such training. Basic skills materials are limited for workplace use, and programs offered outside the workplace require improvements in curricula, staffing and support services.

Outside training programs have limited to moderate reach; they are fragmented and not well marketed.

Finding: Nearly 80% of employers have neither used nor plan to use training programs provided by the state. Over a one year period, only 269 businesses (of all sizes) — out of Connecticut's 77,000 small businesses — were helped by the state's customized training programs. These programs are the main source of help for small businesses to improve their on-the-job training. Meantime, only one in six "hard-core" illiterates is being helped today by adult education programs; and many more people, who are literate, want additional basic skills training. Among outside training providers, four-year colleges, community and technical colleges are more likely to be used than state programs; trade associations and private vendors enjoy the greatest use.

Gap: No mechanism exists, within or across sectors in Connecticut, to evaluate training needs, to ensure adequate programs and to coordinate training efforts. Employers and employees learn of training programs in a piecemeal fashion, never getting the comprehensive view of available programs that they need in order to take informed action. In fact, only 29% of all managers today have enough information to make informed decisions about outside training programs.

Recommendations

Meeting the small business training challenge requires fundamental action in the public *and* private sectors. Incremental change, or the fine tuning of existing programs, is part of the answer but alone will not be enough.

Found here are six recommendations to improve small business training program — in content, delivery, communication and coordination. Costly public or private sector initiatives are not proposed. Instead, JFF urges better management of existing resources and building on those resources in intelligent, cost-effective ways. Together, these recommendations provide a comprehensive approach to addressing the small business training challenge in Connecticut.

I Improve the delivery of on-the-job training in Connecticut.

Most training takes place on-the-job in Connecticut's 77,000 small businesses. It is easier and more effective to improve on such an imbedded trend than to reverse it. Three important steps are needed to improve workplace training: (1) To create a "Small Business Training Team" (SBTT) to reach out to small businesses and provide assistance for improving *on-the-job training*. The SBTT also can give small business managers a single point of access to outside training programs. The small staff needed to form the SBTT should be supplemented by a "Corps of Business Advisors"— private sector individuals who can offer training advice to small business managers; (2) To reach more workers who need basic skills training through the workplace. Basic skills programs, materials, and resources must be made available directly to small businesses for use with their workers; (3) Small business managers need evaluation tools if they are to improve their on-the-job and basic skills training. These tools must be developed and disseminated to small businesses.

II Improve the content of public and private sector training programs.

Content improvements must be made all along the continuum of training programs in the state — from basic skills to higher level competencies. Such action is required if small

business workers are to learn the skills they need. The first step is to develop a statewide Common Core of Training, prepared by public and private sector representatives. It should articulate a core of competencies and levels of proficiency required in today's small business workplace; provide methods for small businesses to incorporate these competencies into their on-the-job training; and serve as accepted guidelines for all public sector training programs. The second step is to improve basic skills programs, through better curricula, staffing and support services for adult learners.

III **Create small business consortia.**
While improving on-the-job training is important, so too is increasing opportunities for low-cost, accessible formal training for small businesses. Today many formal training avenues are closed to small businesses by prohibitive costs. And meeting the formal training needs of small businesses through public support is beyond the taxing power of the state. Instead small businesses can help meet their own training needs by forming consortia to access formal training. Little support is required by the public sector to implement this recommendation. Chambers of commerce, trade associations, private industry councils, small business managers and others can develop consortia in their local areas or region.

IV **Seek out large companies to provide increased training opportunities to small businesses.**
One promising solution to small business training needs draws upon the demonstrated training abilities of large companies. Specifically, there are at least three models for how large companies can provide increased training opportunities to small firms by using their existing in-house training resources: (1) Train the individual in a small business responsible for training; (2) Provide facilities for small business training consortia; (3) Make seats in large-company training programs available to small business workers.

V **Improve communications with workers and employers on their training options through a statewide public education program.**
Developing a trained workforce requires helping workers and business managers better understand the need for training and their options for action. Such public information is missing today. Needed is a statewide public education communications program, developed and implemented along the following five principles: (1) Create a common vision that training is a life-long endeavor; (2) Communicate a comprehensive view of why training is important; (3) Show how small businesses can benefit from training; (4) Show how workers can benefit from training; (5) Give managers and workers options for action.

VI **Create a multi-sector Human Capital Strategy Board to set direction for and coordinate training programs.**
A multi-sector Board is needed to coordinate the work entailed to implement these recommendations and other training efforts (the actual implementation will be done by particular public and private sector agents). The Board should have four functions: (1) To provide a comprehensive framework for education and training data and information; (2) To coordinate education and training needs and programs; (3) To evaluate and measure goals and outcomes; (4) To coordinate and conduct public education communications on education and training issues/programs. The first priority for acting on this recommendation should be to assess whether an existing organization or structure can fill this mission, before creating a new body.

Implementing these recommendations won't be easy. The small business training challenge transcends traditional boundaries, cutting across public and private sector lines; and so too do the solutions. Success depends largely on new, productive partnerships being formed among workers, employers, the state, community and professional organizations, and large companies. The magnitude of the small business training challenge, together with limited resources and the interdependence of the actors, dictates such partnerships.

Nothing less than a new social and economic contract between the sectors is needed. A contract where large companies help small ones gain access to training. Where small businesses work together to meet their shared needs. And where the public and private sectors join forces to articulate common training goals and competencies, and find ways to provide training to all of Connecticut's workers.

While this new contract calls for institutional change, individual managers and workers hold an important key to its success. Employers must communicate with workers on the skills needed in today's workplace, the importance of training and that having or acquiring the right skills is valued and will merit reward. In turn, workers must make increased commitments to their employers in their daily work, and must show they are willing to stay on the job once their firm invests in their skills.

JFF believes that Connecticut is well positioned to meet the training and education challenges that stand before it. In John Naisbitt's *Megatrends*, Connecticut was touted as one of America's five "bellwether states": states where social invention occurs. JFF is calling on Connecticut to be inventive again, and to set new directions and trends for small business training in the nation. The costs for not acting — lost productivity, increased costs, and dashed dreams of workers — are high. The benefits from acting — a flexible, highly-trained workforce ready for the 21st Century — are great. The time for acting is now.

The Small Business Training Challenge

Roles and Recommendations for Stakeholders

Recommendations	Small Business	Large Companies	State Government	Trade Groups
Improve Content of Public and Private Training Programs	Develop Common Core with public sector. Use Common Core in on-the-job training.	Commit professional trainers to develop Common Core of Training.	Pull sectors together to develop Common Core. Use Common Core in public sector programs. Improve basic skills programs: curricula, staffing, support services.	Adopt Common Core in training programs provided. Improve basic skills programs, staff, support services.
Improve Delivery of Training Programs	Use Small Business Training Team to improve on-the-job training. Commit experienced trainers to "Corps of Business Advisors". Increase basic skills training through the workplace. Use evaluation tools in training.	Commit training experts to "Corps of Business Advisors". Provide tested basic skills materials for small business use. Provide tested evaluation tools for small businesses.	Establish Small Business Training Team. Coordinate development of basic skills materials for use in workplace. Create system for distributing materials to small businesses.	Commit experienced trainers to join "Corps of Business Advisors". Contribute tested basic skills materials that small business can use in the workplace. Help distribute materials to members and local small businesses.
Create Training Consortia	Identify needs for training. Reach out to area businesses to form consortia.	Provide facilities for local consortia to use.	Make materials available to small businesses on how to create and use training consortia.	Help small businesses set up consortia in local areas.
Large Helping Small	Send employees to large companies for training. Tell large companies in local areas of programs needed.	Make training programs & facilities available to small business employees and consortia. Reach out to small business in local area and determine needs.	Encourage large helping small partnerships. Help coordinate large helping small partnerships statewide.	Help coordinate large helping small partnerships in local area. Identify large helping small partnerships.
Improve Communications on Training	Increase communications with employees on company training goals and needs. Become better informed on available outside training programs.	Communicate with small businesses on ways large companies can help them.	Develop statewide public education communications on training.	Distribute materials through members and in local communities.
Create Multi-Sector Training Board	Actively participate in multi-sector board.	Actively participate in multi-sector board.	Establish the multi-sector training board.	Actively participate in multi-sector board.

Findings

Most employees want training through formal programs, but employers don't provide it.

Opinions of employers and employees differ substantially on the extent to which formal training should be used by small businesses.

88% of employees say formal training provided at work is an excellent training method. 79% say the same about formal training away from work. (Chart 1)

Meanwhile formal training is not widely used by small businesses. Only 10% of all employers use formal training at work "very often"; another 30% make use of it "sometimes". Even fewer employers provide formal training away from work, only 8% use it very often while another 30% provide it occasionally. (Chart 2) Indeed nearly 60% of all employers report "never" or "rarely" using formal training at all. (Chart 3)

Most training is done on-the-job, a poor training method according to many employees.

While employees want formal training, the vast majority of small business training is done on-the-job. 88% of employers report using informal training by co-workers very often. 83% indicate that training by supervisors is the next most often used training method.

Over a third of all employees rank on-the-job training as a "poor or fair" method for providing workplace training. Only about one in five report it to be an excellent way to provide training.

The smaller the business, the less likely it is to use formal training.

Small businesses of all sizes use on-the-job training a considerable amount of the time. Yet there are differences in the amount of formal training companies use, depending on their size. As perhaps expected, the larger the firm the more likely it is to provide formal training "very often" to its workers. Indeed, this trend also holds true for whether the firm provides tuition subsidies. (Chart 4)

Gaps

Formal training is too costly for many small businesses.

In-depth interviews with employers and training experts reveal that formal training is not a viable option for many small businesses. Significant obstacles to its use include prohibitive costs, both in terms of dollars and giving workers the time off to attend such training. If more formal training is to be provided, less costly alternatives to existing sources must be found. (See Recommendations III and IV)

Current on-the-job training efforts are inadequate.

On-the-job training in its *present form* also will not meet small business training needs. JFF's in-depth interviews provide four reasons why:

1. **Structure.** On-the-job training typically means workers learn skills by "shadowing" fellow workers, or by being "instructed" by supervisors. According to small business managers, the purpose of this training is to ensure that workers know how to complete specific job tasks and to provide the least costly training in the shortest period of time. Yet such training tends to make workers feel they're part of a "hit and run" operation, never getting the formal training structure they need to learn the skills required in today's workplace.
2. **Content.** The current structure of on-the-job training often prevents employees from seeing the "big picture" of where specific skills fit into their overall work and the work of the firm. They learn skills in isolation, undercutting the grounding they need to feel com-

Section I: Small Business Training

Item

In one of JFF's in-depth interviews, a small business manager reflected on how employees of her firm work increasingly in teams. When the teams form, workers are told of their individual responsibilities, but not how to work together. The only time workers receive any guidance is when a problem erupts and intervention is required. How much would productivity increase if these workers were better trained to work together?

fortable and competent in their jobs. As one training expert stated, there is a perception gap between employers and employees on the benefits of on-the-job training: employers think they are offering a training program for increased job preparation and advancement, while employees only see themselves learning job specific tasks that *may* help them today but not tomorrow.

An example of this issue is seen in the relative ranking of the training goal, "orientation to a new job". While small business managers don't place a lot of emphasis on this goal, workers do. Perhaps this is because they want a clear understanding of the goals and content of their work in order to perform effectively and to be judged fairly. (See next page)

3. **Streamlining**. Many businesses are reducing — or streamlining — managerial levels, contributing to on-the-job training problems. According to training experts, the effect of this trend is to reduce the amount of time and attention workers receive during on-the-job training. This compounds the already inherent structural and content problems that plague this training method.
4. **Anxiety**. Anxiety about the changing nature of today's economy may also underlie the desire of workers for formal as opposed to on-the-job training. As skill requirements increase, so too do pressures for workers to prove they have the needed skills for a particular job. Formal training can give workers something to show for the new skills they learn; they can point to training they've acquired through a certification of sorts. ("Certification" was ranked high on the list of training goals by small business employees in the JFF survey; see next page.) Meanwhile, on-the-job training is difficult to "quantify": it is a continuous process, occurs in isolated instances, and addresses job specific tasks that may be hard to transfer from one job to another.

   More and more signs are appearing that people are increasingly anxious about the future: for the first time in many years, public opinion polls have shown a decline in Americans' optimism about future economic conditions (see Item on lower left).

Item

In a New York Times *article dated May 1, 1988, a story is told of how one company dealt with the lack of skills of its workers. The article reads, "employees often botched assignments because many could not perform simple measurements. [So] the company got workers to use strings marked to various lengths." Clearly this solution doesn't address the need to increase the versatility of workers; what happens when the mode of operations changes again?*

Obstacles stand in the way of improving on-the-job training.

Why can't on-the-job training be improved? JFF's in-depth interviews suggest that two key obstacles stand in the way:

1. **Perceived Time**. Many small business managers say they don't see how "competencies" can be included in on-the-job training without taking up more time for training (see Section II). As one small business manager put it, "You're asking me to go the extra five or ten percent, and I just don't see how I can afford to do that."
2. **Knowledge**. Most small business managers interviewed said they do not know *how* to include competencies in their training programs. Training experts also emphasized this point.

If these obstacles go unaddressed, current on-the-job training practices may result in lost profits for many firms. Inadequate training will mean reduced worker flexibility and productivity, all at a time when more demands from a changing economy are being placed on Connecticut's small business workers.

Item

A recent survey (December 1987) conducted by the Institute for Social Inquiry at the University of Connecticut of state residents reveals a decline in optimism. The Institute has compiled a "Gross National Spirit" index since June 1981. When asked, "what do you expect to happen to the [national] economy over the next year," Connecticut residents responded with the most negative ranking since this index began.

Employers and employees set the same priorities for training, with two exceptions.

Consensus exists among employers and employees on the relative importance of different training priorities. JFF's surveys asked employers and employees about seven training goals*: employers on how important each goal is to their current training efforts, and employees on how much emphasis they want employers to place on each goal. The result: two groups of priorities emerge.

The first group, not surprisingly, focuses on workers' preparation for *current* jobs. Both employers and employees report that their top priorities are training in company products and procedures (66% and 70% respectively), new skills for present jobs (62% and 71% respectively) and new technologies and methods (57% and 74% respectively).

The second group is geared more toward the *future*. Employers and employees focus on training in skills to qualify for new jobs (43% and 62% respectively) and on the orientation to those new positions (52% and 62% respectively).

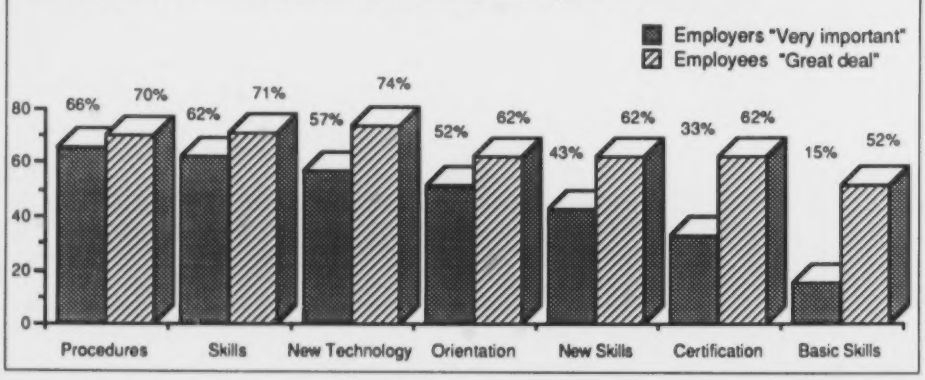
Training experts interviewed noted an important point about this second group. A "new job" once meant an actual change in position or employer; today a worker will change job responsibilities while never changing his or her position. These workers may need additional training and a reorientation to how their "new position" fits into their workplace. Public and private sector managers must apply training and orientation programs with this need in mind.

While consensus exists on these training priorities, there is little agreement on two additional goals. 62% of employees say that helping workers gain professional certification is a priority compared to only 33% of small business employers. And 52% of employees say that small businesses should make basic skills training a priority compared to only 15% of all small business employers. As noted in Section III, employers do indicate a clear need for basic skills training in JFF survey questions; the disagreement is over who should provide it.

* The seven training goals are: provide training to/for basic skills, certification, qualify for new jobs, new technologies and methods, new skills for present job, company products and procedures.

Employers & Employees

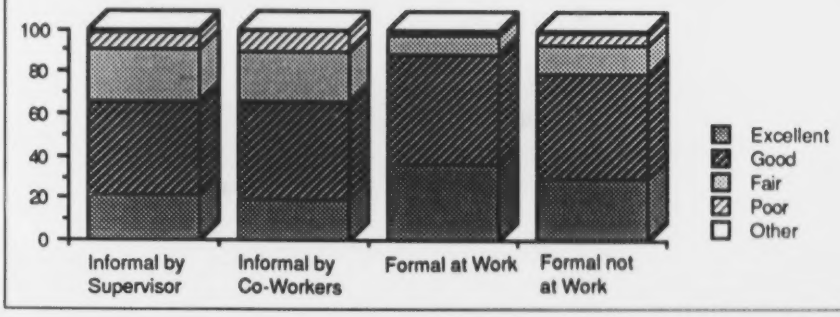
How important is this training goal vs. How much emphasis to place on it



Charts 1-4

Employees

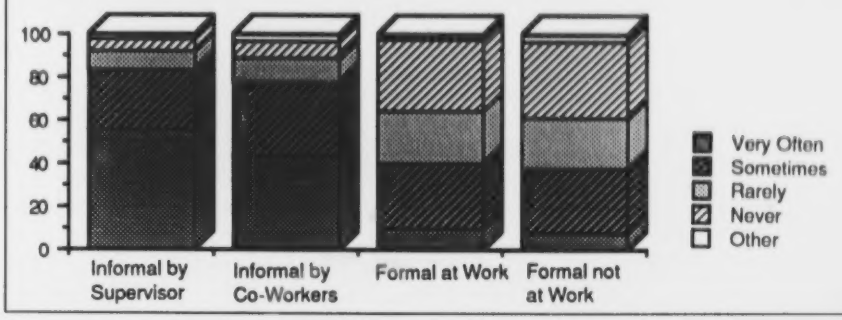
How good is this method of training?



1

Employers

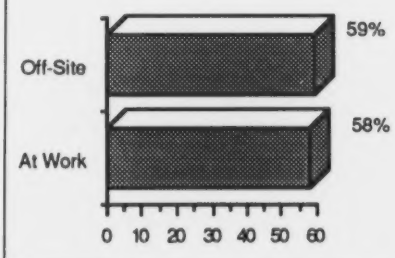
How often does your business use this training method?



2

"No formal training in my shop"

Number of employers who rarely or never use formal training



3

Use of training methods

Use this method very often

	# of Employees			
Training by:	10	10-49	50-99	100+
Supervisor	54%	64%	48%	59%
Co-worker	40%	48%	36%	47%
Formal/at work	2%	11%	10%	21%
Formal/away	3%	8%	9%	13%
	10	10-49	50-99	100+
We provide tuition subsidies for training	29%	33%	55%	76%

4

Findings

Interpersonal skills and the ability to solve problems are "very important" competencies to have in today's small business workplace.
Consensus exists among employers and employees on the competencies most important in today's small business workplace. Among six competencies asked about in the JFF surveys, small business employers and employees rank working well with others, communicating effectively and solving problems at the top of their lists. This trend holds across all occupational groups. (Charts 5 and 6) [The six competencies are: (1) Communicating effectively; (2) Working well with others; (3) Working with computers and other automated equipment; (4) Analyzing situations and solving problems; (5) Motivating others; (6) Basic skills such as reading, writing and arithmetic.]

The rankings of competencies in JFF's surveys match those identified as important to the future workplace in Jobs for Connecticut's Future 1986 Report. In that report, JFF noted the jobs of the future increasingly will require workers who have higher levels of interpersonal and critical thinking skills.

Employers and employees agree that more training is needed in these competencies.
JFF's surveys indicate that employers and employees agree on the competencies where additional training is needed most. These match the competencies identified as most important in today's small business workplace, and include communicating effectively, analyzing and solving problems, and working well with others. (Chart 7)

Employers and employees agree on who needs training most.
The surveys indicate that all occupational groups require additional training in the competencies. Overall those with the greatest need for training in individual competencies are professionals, managers and salespeople; clerical, semi-skilled, crafts, and unskilled workers follow. (Charts 8-14)

Two important points should be made about this data. The first concerns clerical workers. The gap between employers and employees on the amount of training needed is greatest for clerical workers than for any other occupational group. While they both indicate that more training is needed in the "technology" area, employers are considerably more likely than clerical workers to say that training is needed in communicating effectively, analyzing and solving problems, and basic skills. (Chart 12)

The second point regards semi-skilled workers. Among all occupational groups, semi-skilled workers are the least likely to indicate a need for basic skills training (39%), even though employers rank them second highest in need of additional training in that area (72%). (Chart 13)

Most employees believe that training will increase their employment options.
40% of all employees say that job training will "definitely increase" their employment options, while another 40% say that it will "probably" do so. Only a little over 18% believe that it will not increase their options.

It is important to note the two groups of occupations that emerge from this data: professionals, managers, and salespeople are more likely to believe that job training will definitely increase their employment options than are clerical, craft, semi-skilled and unskilled workers. (Chart 15) This is the same division in occupations that was found on the issue of whether employees believe they're in need of more training to do their current job better.

Many employees believe they need training to keep up with changes in the workplace.
54% of employees believe they will need some form of training to keep up with future changes in the jobs they now have. Again, professionals and managers are more likely to

Section II: Skills Employees Need

believe this than are workers in other occupational groups. (Chart 16)

In addition, nearly six out of ten workers (57%) believe they will need some form of job training to get "the" job they want in the future. Here a majority of workers in each of the occupations share this view. (Chart 17)

Not all workers are interested in actually getting job training.
Most professionals and sales workers, 66% respectively, are interested in getting job training to improve their skills; 57% of craft workers are interested in getting such training.

However, only 50% of all managers and 47% of semi-skilled workers report such interest. The numbers are even lower for other occupations: 40% of clerical workers and 19% of unskilled workers. These latter groups, in particular, will need additional skills if they are to move up the economic ladder; perhaps they must see that their employment options actually will improve before believing that more training is a key to their future. (Chart 18)

Basic Skills: A Special Challenge

Basic skills are a key to today's small business workplace.
A key finding of this study is the extent to which additional training in basic skills is needed across all occupations. (Charts 8-14) Indeed the topic of basic skills was central to each of JFF's in-depth interviews with small business managers and training experts. Those interviewed stressed that no other training can be effective unless workers have a strong basic skills foundation on which to build.

Basic skills are more than just the 3Rs, workers must have "basic skills *plus*".
Basic skills are defined by employers and training experts as the 3Rs — reading, writing, and doing arithmetic. But that's not all. Interpersonal skills *and* a healthy work ethic are critical components too.

Time and again small business employers and training experts told JFF that showing up to work on time, self-initiative, staying the "extra 15 minutes" to complete a job are all needed in addition to the 3Rs if workers are to succeed.

Item

Managers of an urban bank discovered that a major reason for low productivity among secretarial and clerical staff was that 70% of dictated correspondence had to be redone at least once because of spelling and grammatical errors.

Item

A manufacturing company decided to invest heavily in equipment to regulate inventories and production schedules. Yet the workers were unable to enter numbers accurately, which literally destroyed inventory records and resulted in production orders for wrong products. Correcting the errors cost the company millions of dollars and wiped out any savings projected as a result of the new automation.

The magnitude of the need for basic skills training is daunting.
Recent research provides a glimpse of the size of the basic skills challenge in the state. The State Coalition on Literacy estimates that 17% of all Connecticut adults are functionally illiterate; these individuals have the ability to read easy sentences at the elementary school level. The Coalition reports that even more adults suffer from the inability to "read critically". These individuals, for instance, are unable to find the right sandpaper from a chart, or use a bus schedule to select the appropriate bus.

JFF's surveys suggest that the actual basic skills challenge may be even larger than this available research indicates. 49% of all employees want additional training in reading, writing or math to do their jobs better. And 51% of all employers report that their workers need such training. These numbers go well beyond the need estimated in current studies. (Chart 19)

Basic skills deficiencies are creating bottlenecks for Connecticut's economy, endangering the health of small businesses and impeding workers' success.
The lack of basic skills among employees is creating major problems for how some small businesses operate. In JFF's in-depth interviews, small business managers told stories of how they wanted to add a second shift but couldn't find people with adequate basic skills. Others reported having their current staff work overtime, rather than venturing into today's tight labor market. And still others reflect back on times when they did go out and hire more workers, only to be disappointed by their lack of basic skills; now they say when facing a similar situation in the future, they will pay overtime.

Quantifying the costs of these basic skills deficiencies, particularly for small businesses, is difficult. Such data are hard to collect. But anecdotal evidence suggest the costs are high.

Deficiencies in basic skills present equally troubling problems for workers themselves, especially for those with limited job experience. Also hard hit are dislocated workers, and those who speak English as a second language.

The result of these deficiencies can be harsh: many workers find themselves being forced "down the ladder of success and opportunity". For instance, those workers who don't have essential basic skills often are transferred to "lower-paying jobs" requiring fewer skills. And many "hard-working" employees, whom employers would like to promote, can't move up because they lack basic skills. A Center for Public Resources (CPR) report, *Basic Skills in the U.S. Workforce*, found similar trends among large companies: 65% of companies in the CPR survey noted that basic skills deficiencies limit the job advancement of their high school graduate employees and 73% noted that such deficiencies inhibit the advancement of non-high school graduates.

Item

In its first major recruitment effort in more than a decade, the New York Telephone Company found that 84% of its applicants from New York city failed the entry-level exams. From January to July 1987, only 3,619 of 22,880 applicants passed the exams intended to test skills including vocabulary, number relationships and problem solving for jobs ranging from service representative to telephone operator.

Gaps

No coherent strategy exists on the core competencies workers should learn in training programs.

Having command of needed workplace competencies is crucial to whether employees and the companies for which they work succeed. Yet *no* coherent strategy exists to train workers in these competencies in either public or private sector training programs.

JFF's employer survey shows that some small businesses provide training in competencies. Employers claim to meet about one- to two-thirds of the competency training they say is needed. (Chart 20)

Yet JFF's interviews with small business employers and training experts reveal that these numbers are misleading. Those interviewed indicate that most small business training concentrates almost exclusively on "job-specific skills", with little attention paid to competencies. In areas like communications, for instance, the training provided is often rudimentary: an employee may learn how to answer a telephone, but not how to handle irate calls or to communicate effectively with co-workers, not to mention higher-level communication competencies. Similarly, competencies are rarely addressed explicitly in most public sector training programs. The result of these public and private sector training efforts is that a hodgepodge of skills are being provided to workers, with no accepted training goals identified for teaching competencies.

Gaps persist in Connecticut's basic skills programs.

The foundation for all training and work are basic skills. Yet it is not clear whether people who enter many basic skills programs in Connecticut receive the skills and support required to succeed in those programs, at work, or in other training programs.

Reports from Connecticut's Adult Education Study Committee, *Looking to the 21st Century: A Strategic Plan for Adult Education*, and the Coalition on Literacy, *Building the Future: The Challenge of Adult Literacy in Connecticut*, identify a number of problems with basic skills programs in the state. Those concerns are echoed in national reports on basic skills education. They include:

1. **Curricula.** Current basic skills training programs often teach students skills in ways that run counter to how those skills are used in the workplace. A joint publication by the U.S. Department of Education and the Department of Labor, *The Bottom Line: Basic Skills in the Workplace*, reports:

> "Workplace research indicates that the kinds of reading, writing and analytical tasks workers perform routinely are different from those students are taught in schools or in adult literacy programs. Typically, students read to learn information that needs to be remembered for later use. Workers' literacy tasks are oriented to satisfying more immediate and specific goals: 'reading to do' and 'reading to assess'."

Connecticut has made progress in the curricula area. The state's Bureau of Adult Education has developed the Connecticut Adult Performance Program (CAPP), a competency-based method of assessment, instruction and evaluation for basic skills training. By next spring, this curriculum will be used in about one-half of Connecticut's state-supported adult education programs (provided primarily through local school districts). 1990 is the goal for having all state-supported adult education programs using CAPP.

Despite this impressive progress, major problems still persist. There are no uniform requirements and standards for basic skills curricula across all training providers in the state, including community-based organizations, libraries, private vendors, church groups and others. Moreover, there are no ways to ensure quality control under current institutional arrangements. Adult basic skills training is offered by numerous providers both within and between government agencies and other organizations.

2. **Staffing.** Instructors and administrators are key components of the basic skills infrastructure. For instance, helping students learn basic skills is only the beginning of the work of basic skills instructors. They also must be prepared to handle *adult* students with special needs, like single parenthood or a lack of self-esteem. And they must understand the "work context", and how basic skills — and basic skills training — relate to it. Adequate training of basic skills instructors is critical to the success of students. Yet most basic skills instructors are part-time, and only a small portion are certified in adult education or have completed comparable or relevant course work.

   The attention paid to basic skills programs by administrators also helps determine the success of those programs. Deficiencies exist here, too. According to the Adult Education Study Committee:

   > "One indication of the relative importance or unimportance accorded adult education within a school system is often the way the administrative leadership for adult services is assigned... In many districts with substantial numbers of undereducated and a major market for general adult learning offerings, the position of program director is only a second job awarded to a full-time teacher. In many cases the administrator has neither the time nor the energy to deliver a high quality program."

   This demand for administrators who are sensitive to the academic and social needs of adult learners is found not only in adult education programs in local school districts, but in programs operated by all providers of adult education.

3. **Support Services.** There is the need for comprehensive support services for adults in basic skills programs. Many students entering these programs are at risk of not completing them. For instance, they may suffer from a lack of self-esteem, have language barriers, harbor fears of repeated failure, or lack child care. Needs such as these can block an individual's access — physically and/or psychologically — to adult education programs.

   Also of concern is "career" counseling. Training experts maintain it is not enough to merely teach adults basic skills; many of these individuals have never been in the workforce, or they have worked at low-paying, dead-end jobs. If these individuals are to

succeed they must have counseling that provides them with career direction and support during *and* after basic skills programs.

But according to the Coalition on Literacy and JFF's expert interviews, Connecticut's system of educating adults sorely lacks an adequate number of counselors. The Coalition states in its report:

> "Presently, teachers carry the main burden of providing counseling, offering other kinds of emotional support, and referring students to other education programs."

Employers do not train workers in basic skills.

51% of employers and 49% of employees say more basic skills training is needed. 52% of employees indicate that small businesses should place a "great deal" of emphasis on providing basic skills training; another 23% want at least "some" emphasis on it.

Yet the vast majority of employers do not place *any* emphasis on basic skills training. In fact, only 15% of small business employers consider basic skills a "very important" training goal. And only 11% provide *any* form of basic skills training. These numbers are far less than JFF found in its 1986 survey of Connecticut businesses of all sizes, where over one in three reported providing basic skills training.

JFF's in-depth interviews with small business managers and training experts point to at least three main internal reasons why basic skills training is not provided by small businesses.

1. **"Not My Responsibility"**. Small business managers say it is not their responsibility to provide basic skills training to workers. Rather they report that the public sector should ensure that all people have the proper basic skills before entering the workforce. Training experts agree with small business managers on this point, at least on a philosophical level.

   On a more pragmatic level, however, small business managers and training experts realize that given the urgent need for basic skills training, small businesses must play a larger role in providing that training, or at least in helping workers gain access to it.

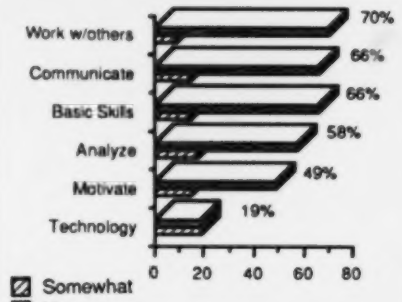
2. **"Only My Favorite Employees"**. When discussing the basic skills issue, employers immediately focus on helping specific employees, *not* their overall workforce. They single out workers who: (a) have shown commitment on the job and to the firm; (b) are likely to stay with the company after they receive training; (c) have been with the firm for some time. They fear that employees who do not fit the profile above will leave their firm once trained. If the basic skills challenge is to be met, employers will need to address the needs of their entire workforce and to give workers reasons to stay with the firm once trained.

3. **"Beyond My Capacity"**. Employers also say they don't provide basic skills training because they don't know how. They report a lack of inexpensive, accessible basic skills training methods to use in the workplace. And many seem not to realize that low-cost basic skills training opportunities exist.

Charts 5-8

Employer Perspective

How important are these competencies to your employee's work?



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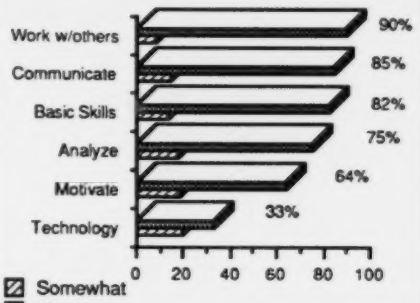
Employee Perspective

How important are these competencies to your work?



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Employer & Employee

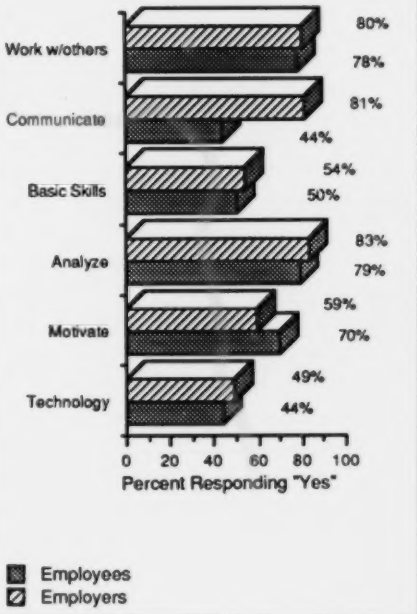
Is more training needed?

	Employer	Employee
Communicate	66%	63%
Analyze	62%	74%
Work with others	60%	71%
Motivate	52%	63%
Basic Skills	51%	49%
Technology	29%	38%

7

Professionals

More training is needed to do a better job.



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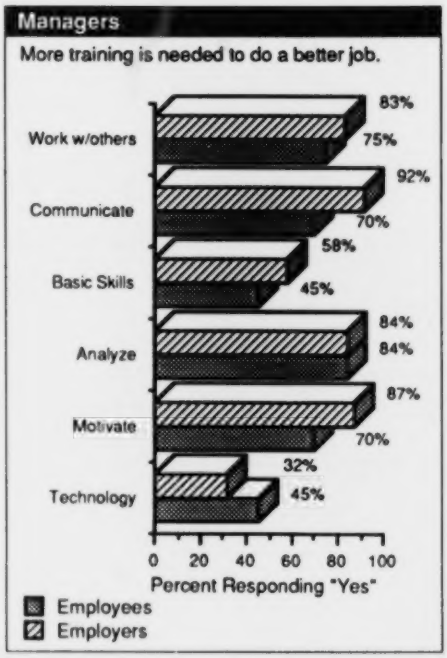
Charts 9-12



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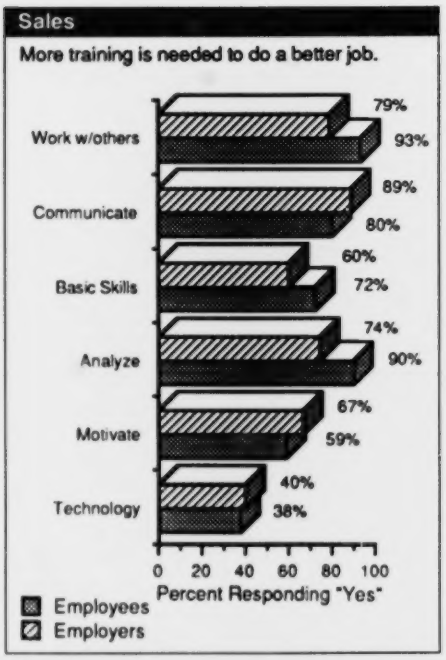

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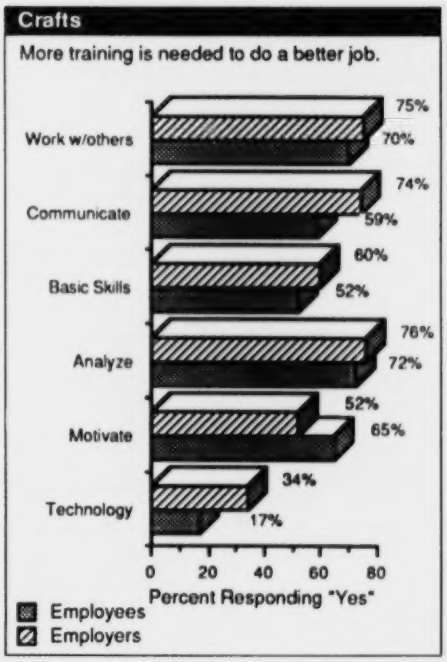

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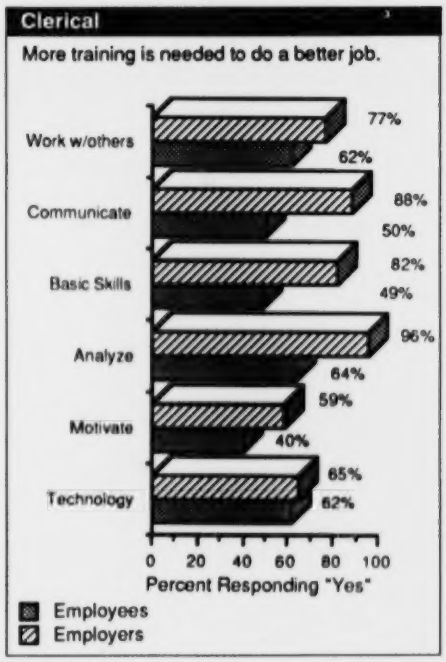

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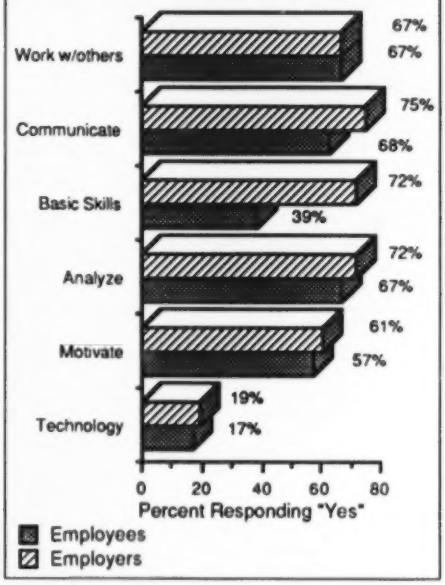
Charts 13-16

Semi-Skilled

More training is needed to do a better job.



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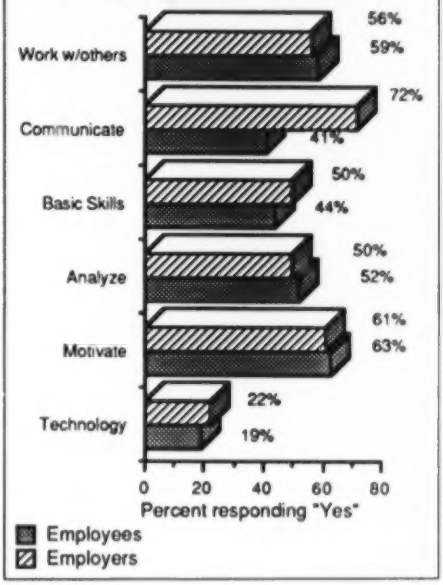
Unskilled

More training is needed to do a better job.



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Employees

Definitely increase training & job options

Total Yes	**40%**
Sales	52%
Professionals	44%
Managers	43%
Unskilled	41%
Crafts	37%
Semi-skilled	35%
Clerical	33%

15

Employees

Keeping up with changes

Total Yes	**54%**
Sales	48%
Professionals	69%
Managers	61%
Unskilled	26%
Crafts	50%
Semi-skilled	50%
Clerical	42%

16

Charts 17-20

Employees

Training for "the" Job

Total Yes	**57%**
Sales	62%
Semi-skilled	61%
Professionals	59%
Unskilled	56%
Managers	54%
Crafts	52%
Clerical	51%

17

Employees

Interest in getting training

Total Yes	**52%**
Professionals	66%
Sales	66%
Crafts	57%
Semi-skilled	50%
Managers	46%
Clerical	40%
Unskilled	19%

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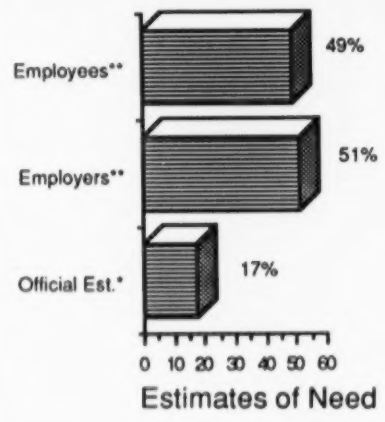
Basic Skills Challenge

More workers in need than Literacy Coalition estimates?



* Estimate by CT Coalition on Literacy

** JFF Survey Data

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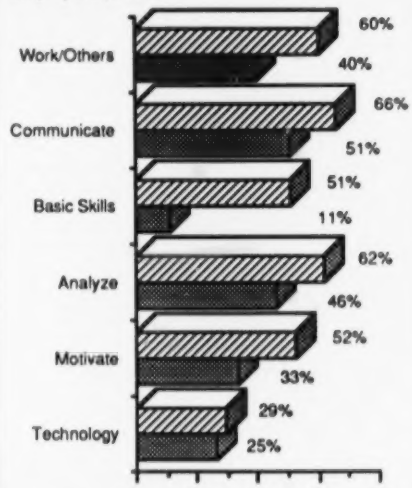
Training by Employers

How much of the training needed do employers provide?



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Section III: Outside Training Programs

Findings

Public customized-training programs fail to reach many small businesses.
Nearly 80% of small business employers report they have neither used nor plan to use training programs provided by state agencies. (Charts 21 and 22)

Central to the state's small business training effort are its customized-training programs which provide direct, company-tailored job training assistance to small business. The state offers three main programs: the state Department of Labor's customized training program; the community colleges' Business Services Network; and the technical colleges' TRACES program.

These programs are the primary state-supported means to help businesses in Connecticut improve their on-the-job training. Yet figures obtained from them show they reach a fraction of Connecticut's 77,000 small businesses. In a one year period, these three programs assisted 269 private sector firms, firms that were *not* necessarily small businesses.

Item

From January 1987 to January 1988, 40 private sector companies contracted with the state's community college "Business Services Network". These contracts included training in data processing, health services, financial planning, and customer services. An additional 94 firms were served through the mobile high-tech classroom which provides computer training to workers.

Other public and private sector training programs have limited to moderate reach.
Adult education programs are also not widely used. Nearly 70% of employers and 60% of employees say they have not used these programs in the past, nor plan to use them in the future. Indeed, only one in six of the state's hard-core illiterates is getting basic skills help today, according to the State Coalition on Literacy. And beyond these individuals, JFF surveys indicate that a substantial number of workers (49%) want to "improve" their basic skills. Apparently many of these individuals are not being reached.

Small business employers and employees are more likely to have used or plan to use community and technical colleges (employers 48%, employees 50%) and four-year institutions (employers 42%, employees 69%). These programs are important; but typically they offer training to individuals, and not to businesses for improving their on-the-job training. Such improvement, according to the findings from this study, is greatly needed in Connecticut. Moreover, these numbers may reflect the fact that many Connecticut residents attended courses at, or graduated from, a college in the state.

Meanwhile, small businesses do make greater use of training programs provided by trade associations and private vendors. In each instance, 44% of employers report using these training sources in the past and plan to use them in the future. According to JFF's in-depth interviews, small businesses often obtain training from companies that sell them equipment and machinery in how to use those products.

Gaps

Item

The technical college program "TRACES" operates, for the most part, only in the greater Norwich area. From June 1987 to June 1988, it conducted programs with 65 companies, primarily in that area.

Training and education programs are fragmented and not well marketed.
Two key barriers stand in the way of the delivery and use of training and education programs in Connecticut: a fragmented training structure and a resulting information paradox.

1. **Fragmented Structure.** Training programs in Connecticut operate in near isolation from one another. Whether training providers substantively interact is a decision that, traditionally, is left entirely up to them. According to training experts, this problem is found both among *and* within state agencies, as well as between the public and private sectors. There is no rigorous or comprehensive mechanism in the state to identify training needs, program gaps or unnecessary duplication.

   A brief look at basic skills programs illustrates this fragmentation. The system is spread out among many primary providers including community groups, local adult education programs, community colleges, literacy volunteers, libraries and others. Each provider is

an entire system unto itself, with various branches and outlets for basic skills training across the state. Despite common goals, no real coordination exists among these programs; nor does any coordination take place between these programs, as a group, and other job training programs.

2. **Information Paradox**. The current fragmentation of training programs creates, what might be termed, an "information paradox" in the state. On the one hand, there are so many training options that many people can't make sense of them. On the other hand, JFF's in-depth interviews suggest that many small business managers suffer from not even knowing such options exist. Either way, businesspeople can't act.

   At least two practices contribute to this information paradox. First, program managers in the public sector lack adequate marketing resources. JFF's in-depth interviews reveal that limited funds are dedicated explicitly for marketing. The second reason is the way in which training programs are marketed. Employers and employees learn about programs in a piecemeal fashion: One flyer after another is sent out on individual programs, inundating people with an excess of information. The result is confusion and even annoyance.

   Finally, small business managers told JFF they wouldn't know whom to call to get the *right* job training help. They fear they will get caught in an endless web of telephone calls. The state's Retraining Task Force concurs. It reports:

   > "There is a need for a single point of contact within the state for employers to call to get information and retraining assistance in identifying agencies and programs that can meet their needs."

Item

The Connecticut Department of Labor's "Customized Training Program" had about 70 contracts from July 1986 to June 1987. Most of these were with private companies but not all. Furthermore, some did not relate to training of workers currently employed.

Most small business managers are not prepared to make informed decisions about outside training programs.

Acting on their companies' training needs requires small business managers to make their way through a maze of training programs.

Initially, JFF's surveys suggest that many small business managers are capable of sorting through that training maze. 42% indicate that outside programs could help their firms. 62% say managers in their companies have a good overview of those outside training programs. And 49% report they don't need help in evaluating outside programs.

But a close look at the data suggest that most small business managers are not prepared to make informed decisions about outside training programs. JFF cross-tabulated responses from three questions: (1) Can outside trainers help your company? (2) Do your managers have a good overview of outside programs? and (3) Do your managers need help evaluating outside programs? This analysis provides a cross-cutting view of how respondents answered these three questions.

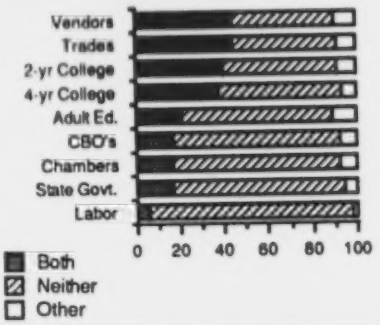
The result is significant: Only 29% of all respondents report — whether or not they believe outside trainers could help them — that they have a good overview of outside programs *and* don't need any help to evaluate those programs. (Chart 23)

The remaining 71% of respondents don't have a good overview of outside programs and/or can't evaluate those programs. Certainly some of these managers may *not* need outside training assistance, yet they lack adequate information to make informed decisions. Perhaps if they were better informed, they could improve their training programs; and, if they do want help now but don't have the proper information, they need to get assistance.

Charts 21-25

Employer program use

Have you used this training source in the past/ Will you use it in the future?



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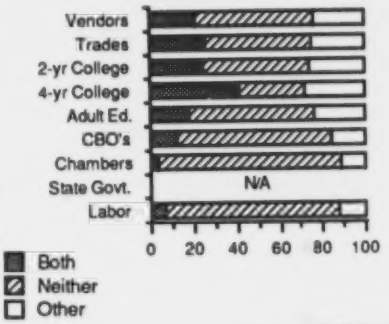
Employee program use

Have you used this training source in the past/ Will you use it in the future?



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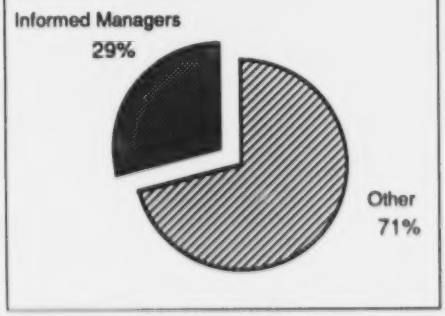
Informed Action Index

Only 29% of employers are ready to take informed action on training.



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Most Reliable Information Source

Ranking by Employee: "I believe this would be a very reliable source of information"

Community/TechnicalColleges	27%
Colleges/Universities	21%
Trade/Professional groups	43%
Adult education	35%
Managers at work	32%
Private training organizations	30%
Fellow workers	27%
State labor commissioner	15%
Labor unions	15%
Local chamber of commerce	13%
Governor	12%
Corporate executives	10%

24

Information needs

What employees want to know

The most important thing I would want to know before starting a training program is...

Will it advance my career	27%
Content of program	21%
Program credentials	11%
Cost	9%
Convenience	7%

The second most important thing I would want to know is...

Cost	22%
Will it advance my career	9%
Convenience	8%
Program credentials	6%
Length of program	6%

25

Recommendations

Recommendation I

Improve the delivery of on-the-job training in Connecticut.

JFF's research reveals that most training in Connecticut's 77,000 small businesses takes place on the job. When thinking about how to improve small business training, it is much easier and more effective to build on such an imbedded trend than to reverse it.

Indeed using on-the-job training is a pragmatic decision by small business managers. Training is needed often, and on-the-job training is quick and relatively inexpensive. Adults learn better in hands-on environments. And on-the-job training is a long-standing tradition within many companies.

So what is needed? The discussion on improving small business job training in Connecticut must be reframed. Today the emphasis is typically on how to expand customized and other "outside" training programs to meet small business training needs. In fact, these programs may need to be expanded. But overall, JFF believes the discussion must be framed in terms of how to help small businesses improve all training *in the workplace* — from basic skills to higher order competencies.

Achieving this goal requires taking three important steps: (1) Create the "Small Business Training Team" to provide technical assistance to small businesses for improving on-the-job training and to help them access, when appropriate, outside training programs; (2) Reach more workers in need of basic skills training by providing programs, materials and resources to small businesses so they can offer such training through the workplace; and (3) Give small business managers the evaluation tools they need to improve their on-the-job and basic skills training. Each of these steps is described below.

1. **Create the Small Business Training Team.**

   The Small Business Training Team (SBTT), as recommended, is a handful of training experts working under the following principles:

   A. *Make It Easy and Accessible*. Current customized-training program managers can reach only a limited number of companies. They must spend considerable time helping small businesses assess their training needs, evaluate their workers' skills, and then design and implement customized training programs. Undoubtedly this approach has worked well for many small businesses in the state.

   Yet if far greater numbers of small businesses are to be reached across Connecticut, alternatives to supplement customized training must be developed. The State, with private sector help, should create the SBTT to achieve this goal. The SBTT will have two specific purposes: (i) To help small companies improve their current on-the-job training programs through the use of the Common Core of Training (see Recommendation II) and other technical assistance tools — thus providing them with needed guidance and training techniques; (ii) To act as a single, central point of access for small companies for referrals to existing programs when needed (e.g. customized training programs, adult education, etc). Small business managers should be able to call SBTT and say, "here's my situation, what advice can you give me?"

   B. *Make It Small*. The SBTT effort should not grow into a large public program. The central staff should be small and able to provide "quick turnaround" technical assistance.

   C. *Make It A Partnership*. A "Corps of Business Advisors" should be added to the SBTT core staff as the program expands its services across the state. These Advisors, located in communities across the state, can include trainers employed by large companies, small business managers with training experience, retired executives, staff from chambers of commerce, and others.

The Business Advisors will augment the work of the central SBTT staff. They can provide over-the-phone advice, or work face-to-face with small business managers to help them improve their on-the-job training programs. Referrals to Business Advisors would come from the central SBTT office, or from a local access point like a chamber of commerce.

Using the Corp of Business Advisors expands the circle of people who can provide fast and accessible assistance to small businesses. Involving the Business Advisors will increase the program's credibility, acceptance and use. The program will become part of the "business grapevine".

D. *Make It Local.* Localizing the service is important. Small business managers more often than not respond better to programs in their community than programs in Hartford. The involvement of Business Advisors is critical to meeting this goal and to ensuring that the program covers all areas of the state.

E. *Make It Results Driven.* JFF's in-depth interviews, particularly with training experts, suggest that small businesses typically do not connect their training needs with their business plans. Nor do they think about workers and training in terms of career paths. SBTT can help small businesses make these important connections.

F. *Make It Flexible.* Flexibility is key. When outside programs or assistance is needed beyond what the SBTT experts (or Business Advisors) can provide, they should not be constrained by having to refer small business managers to one particular program or another. Freedom to suggest the use of either public or private sector training resources is important.

Creating the Small Business Training Team can be done in many ways. While a new office within the State government could be established, JFF urges that existing agencies and organizations be reviewed to determine if one of them can evolve into this important role.

2. **Help small businesses provide on-the-job basic skills training.**
The need for basic skills training goes beyond the capacity of current "outside" programs. Alternatives to these programs are needed, as: (a) many workers will not attend outside programs (e.g. adult education often takes place in local schools where people may have failed before); (b) some workers do not have the time to attend night courses; and (c) outside programs cannot realistically be expected to reach all workers.

Connecticut must supplement existing outside programs with those in the workplace, thereby increasing the number of workers reached. Options for use in and through the workplace include computer programs, workbooks, on-site tutoring, and others. These options were noted and supported by small business managers and training experts in JFF's in-depth interviews.

These alternatives must be developed, disseminated, and used in smart ways. First, they should be developed on a statewide basis — rather than through a host of individual agencies, organizations, and businesses — to gain important economies of scale. The State (perhaps the Bureau of Adult Education), together with private sector involvement and possibly its financial support, should locate existing basic skills materials and develop new ones where required. Second, these materials should be packaged and made available for free or at a determined amortized cost to small businesses and other interested groups. Third, the use of these materials should be coupled with trained tutors from existing organizations across the state; effective learning goes beyond having a wonderful computer program on basic skills, the student must know how to learn. Trained tutors will help.

3. **Provide small business managers with the evaluation tools required to take effective action.**
   Improving workplace training in basic skills and higher-order competencies must include methods for employers to evaluate their training needs and programs. While sophisticated methods already exist for this, Connecticut must develop less costly and more accessible methods for widespread small business use.

   For instance, in a recent publication produced jointly by the U.S. departments of Education and Labor, *The Bottom Line: Basic Skills in the Workplace*, a ready to use chart is included for how managers can asses the basic skills of employees. While these evaluation techniques can never fully substitute for more in-depth methods, they are an important first step.

   A statewide effort is the most efficient method for developing these evaluation tools. The state (perhaps the Department of Labor) should join forces with private companies and other training providers to develop them. The tools should then become part of the Common Core of Training (see Recommendation II), and should be used by the Small Business Training Team.

Recommendation II

Improve the content of public and private sector training programs.

Connecticut must act to improve the content of public and private sector training programs in the state. Three key training gaps must be filled if workers are to get the skills they need. First, training providers and consumers must decide on the competencies to include in training programs, the levels at which those competencies should be mastered and how they should be taught. Second, small businesses need to know how to incorporate competencies into their training programs. Third, content gaps in basic skills programs must be addressed.

Two steps are needed to act on these gaps and to improve training in the state: (1) develop a Common Core of Training for use in public and private sector training programs; (2) make fundamental improvements in basic skills programs.

1. **Develop a "Common Core of Training" for all training programs.**
   The public and private sectors in Connecticut must join forces to create a "Common Core of Training". JFF recommends that three principles guide how this Common Core is developed and implemented.

   A. *Articulate Core Competencies*. The Common Core of Training should: (i) Identify the competencies and levels of proficiency that public and private sector representatives agree are required in today's small business workplace, both within and across occupations; (ii) Provide methods by which small businesses can incorporate these competencies into their on-the-job training; and (iii) Serve as accepted guidelines for all public sector training programs.

   Models for developing the Common Core of Training already exist in Connecticut. The Department of Education developed the "Common Core of Learning", setting forth the skills all students should have by the time they graduate high school. The state's Bureau of Adult Education created the Connecticut Adult Performance Program (CAPP) which sets standards for adult education programs. Both efforts offer guidance and direction for creating the Common Core of Training.

   B. *Develop through Public/Private Partnership*. Developing the Common Core of Training must be a joint public/private venture. Representatives from both sectors should

work together on developing the substance of the Common Core and on identifying *feasible* ways to incorporate competencies into training efforts.

C. *Implement in Public and Private Sector Programs.* It is essential that the Common Core of Training is incorporated into public *and* private sector training programs. Programs provided by the state — including customized training programs, community colleges and others — should use the Common Core as a guideline for teaching competencies. Additionally, the Common Core should become part of training efforts of community-based organizations, private industry councils, private vendors, and others. And small businesses should use the Common Core of Training as a guide for incorporating competencies into their training programs.

2. **Make improvements in Connecticut's basic skills programs.**
Progress is being made on improving basic skills training in Connecticut, but much more is needed. Indeed the basic skills challenge will continue to grow in the future. Three major areas in basic skills programs call for remedial action by the public and private sectors: curricula; staffing; and support services for adult learners.

A. *Curricula.* JFF applauds the progress the Bureau of Adult Education has made in implementing the Connecticut Adult Performance Program (CAPP). But that progress is just a first step in addressing the basic skills challenge. The announced goal of having all local school districts use CAPP by 1990 must be met. And *all* other basic skills programs in Connecticut must also adopt competency-based instruction; this includes those programs operated by community-based organizations, church groups, and others. The Department of Education must make the implementation of the CAPP program a priority, and its Bureau of Adult Education must be given the resources to fulfill that mandate.

B. *Staffing.* The Adult Education Study Committee called for competency-based certification for all instructors and administrators of adult education programs. JFF agrees that some form of certification process is necessary for adult education providers. In addition to setting needed standards for existing instructors, certification, or a comparable "right of passage", will provide the flexibility required to hire people without formal instructor training but with the skills necessary to succeed in the classroom with adult learners. Absent improvements in the staffing of adult education programs, adult learners may lose the opportunity to improve their lives and those of their families.

C. *Support Services.* Support services are inseparable from the content of adult education programs. Without proper support and guidance, many adults neither will learn basic skills nor stay in basic skills programs. More counselors are needed in Connecticut's adult education programs; they must be prepared to provide emotional and career counseling support to adult learners. Connecticut also must find ways to improve support services like child care, enabling adult learners to attend basic skills programs outside of work hours.

Improving basic skills programs in Connecticut, like developing the Common Core of Training, will be achieved only through joint public and private sector action. The state Department of Education must provide the Bureau of Adult Education with the support and resources needed to implement the CAPP program. Local school districts must treat adult education programs as an educational priority — both on terms of attention and resources. And community-based groups and other organizations that also operate basic skills programs must act too. Finally, the private sector must lend its active support to adult education and push for these improvements. Basic skills education will not become a priority in Connecticut through the actions of interested educators alone; rather the agents for

change must come from outside the system. The private sector on the state level and in communities must use their support and influence to assure that workers receive the basic skills training they need to succeed in today's small business workplace.

Recommendation III

Create small business consortia to offset training costs.

While improving on-the-job training is important, so is increasing opportunities for *low-cost, accessible* formal training for small businesses.

Today many formal training avenues are closed to small businesses by prohibitive costs. And many small companies neither can afford to design a customized training program for their firm nor send workers to programs operated by private vendors. Moreover, attempting to meet the formal training needs of small businesses by providing public support is beyond the taxing power of the state.

Connecticut must meet the need for formal training by using existing resources better. Small businesses in similar geographic areas may have similar training needs. Acting as a *consortium*, these small businesses can afford the training they seek.

Consortia have formed successfully in the past, and JFF calls for their increased use. Chambers of commerce, local private industry councils, community colleges along with small businesses should apply the consortia model in their local areas. It is a training alternative that requires little, if any, direct support from agencies or groups outside a community.

State training providers, business groups, and others with experience in using training consortia should prepare materials on how to successfully create a consortia, available models for use, the costs involved, and other needed pieces of information to carry out such an endeavor. This information should be distributed to local chambers of commerce, small businesses, and other organizations.

Recommendation IV

Seek out large companies to provide increased training opportunities to small businesses.

Large companies now conduct substantial training. These companies offer a promising, untapped resource for improving small business training efforts. Three approaches for how large companies can help small ones emerged in JFF's interviews with training experts and small business managers: (1) Large businesses can "train the small business trainer"; (2) Large businesses can offer facilities to small business training consortia; and, (3) Large businesses can provide training directly to small business employees. Each of these options has great potential for increasing training opportunities for small businesses across Connecticut. And this model holds benefits for large companies too, as they rely on small businesses as suppliers and purchasers of goods and services. Thus it is in their interest to have a healthy small business sector in Connecticut, which means one that has a skilled workforce.

1. **Train small business trainers.**

   Many large companies have programs to "train their trainers". Meanwhile many small businesses can't afford to have all, or even some, of their workers attend formal training programs on- or off-site. Yet they might be able to send the person responsible for training to a one or two day "train the trainer" session at a nearby large company.

   These programs can provide small business trainers with general techniques on how to best train their workers, and specific knowledge and techniques for training workers in skills and competencies related to their individual business. This partnership can be a cost

effective alternative for small businesses to outside formal training, or to not doing training at all. And it is a straight forward way large companies can help small firms.

2. **Offer facilities for small business consortia.**
   In Recommendation III, JFF urges small business to form consortia as a way to meet their training needs. Such consortia can blossom with the help of large companies by providing access to their facilities for small business consortia use.

3. **Provide training directly to small business employees.**
   The Motorola corporation provides the model for this alternative. Motorola's top managers believe that the people who work for their suppliers are as important as the people who work directly for Motorola. Deficiencies in skills among suppliers' workers can translate into increased costs for Motorola. For instance, if their suppliers can't respond fast enough to orders, new products aren't developed to keep up with Motorola's needs, and wrong shipments are made. Motorola has fashioned a unique partnership with its suppliers, bringing suppliers' workers into its own training programs.

   This model holds tremendous potential for Connecticut. In addition to a strong small business base, the state is home to leading regional, national and multi-national corporations. These firms conduct in-house training on an on-going basis. They could open training slots to both their suppliers and other nearby small businesses, providing a low-cost alternative to customized training or outside programs for small businesses.

The "Large Helping Small" approach to training can be implemented in Connecticut through a number of existing organizations. For instance, local chambers, the Department of Economic Development, Connecticut Business and Industry Association, higher education institutions, the many large corporations in the state and others can all play key roles. Each of these groups can begin this program immediately. A large company can reach out to its suppliers to provide training opportunities. A local chamber can act as a broker between large and small companies in its community. And small businesses can approach a large company in their area.

While many "Large Helping Small" efforts can begin now, statewide coordination is important so that resources are matched to small business needs, and so that unnecessary duplication is avoided. This issue should not be overlooked, and it is addressed in Recommendation VI.

Recommendation V

Improve communications with workers and employers on their training options through a statewide public education program.

Developing a trained workforce requires helping workers and business managers better understand the need for training and their options for taking informed action. That public information is missing today. Indeed it is often fragmented, poorly targeted, and absent a proper message. In still other instances, the information simply does not exist.

A statewide public education communications program is required. It should be developed and implemented along the following five principles:

1. **Create a common vision.**
   The goal of a public education program should be to create a common, shared vision about the role job training and education plays in our society — today and in the future. The connection between education and training and the changing economy must be made clear. Emphasis should be placed on helping people think about education and training as a *life-long* endeavor.

To create this vision, hard-hitting communications with small business workers (as well as all other workers) must be undertaken, particularly with those who are not disposed to seeking training and education. The message must relay to people that being part of today's workforce comes with responsibilities and requirements. Most fundamental is having adequate basic skills. Workers who lack such skills must get training; without it they cannot expect to actively participate in the economy. Beyond the basics, workers must recognize that higher level skills increasingly are required on the job.

Communications also need to take place with small business managers. While public schools *should have* provided workers with the basic skills they need, in many instances they did not. If workers are to get these skills, managers must play a key role. First, people need encouragement and support from their employers to seek training and education. Second, employers must provide the training and education programs, or at least help workers gain access to them. Taking on this responsibility is a pragmatic business decision, and it should be portrayed to managers in that way. The costs are too high not to act. And the benefits are too great to forego.

Finally, in terms of higher-level competencies, employers must be encouraged to review their training programs, evaluate their workers' skills and develop appropriate training programs to meet workplace needs.

2. **Show how business benefits.**
In-depth interviews with small business managers present a clear picture of the information managers need to make informed training decisions. "Superficial" information similar to that used to sell a product like toothpaste, is not adequate. Small business managers want more sophisticated information. They want to know the bottom line: why is training important to their company; if an outside program is needed, who is the instructor and what are the person's credentials; what content will be covered in a program; and how will their workers be better equipped to do their jobs after they're trained.

3. **Show employees how they benefit.**
Talking to workers about the connection between education and training and the changing economy is critical to an effective message on the need for training, but not enough. JFF surveys show that workers want to know about the content of programs, the costs of undertaking training, and how training and education programs will advance their careers. (Chart 24, page 24) This information should be presented in a no-nonsense, straight forward way. People want to know the facts. The most reliable messengers for this information are community and technical colleges, 4-year colleges and universities, and trade and professional groups. (Chart 25, page 24)

4. **Give managers and workers options to act on.**
Telling people about "needs" without providing ways to act only leads to frustration and an eventual sense of alienation. People respond better when they know they have options and can determine which option best fits their needs. All communications on education and training must give managers and workers options for action and ways to get more information quickly and easily. The Common Core of Training should be a central feature of any information program.

5. **Make it comprehensive.**
Communications on training and education should be comprehensive: it should provide a coherent vision of why training is important, the benefits that can result, and the programs available for use. If information continues to be presented in fragmented ways, the current problems of people not knowing how to act only will be exacerbated.

Recommendation VI

Create a multi-sector Human Capital Strategy Board to set direction for and coordinate state training programs.

JFF's recommendations cannot be viewed independently, rather they provide a comprehensive approach to improving small business (and large business) training in the state. They must be developed and implemented in the same way.

A multi-sector Human Capital Strategy Board is needed to *coordinate* these recommendations; implementing them, as noted in earlier recommendations, will be done by the appropriate public and private sector agents. The first priority for acting on this recommendation should be to assess the capacity of existing organizations to determine their ability to fill this mission. If they cannot, then a new organization or structure will be needed.

Possible partners for the multi-sector board include the State Job Training Coordinating Council, the Connecticut Office of Policy and Management, private industry councils, Connecticut Business and Industry Association, State Occupational Information Coordinating Council, regional Education Service Centers, institutions of higher learning, state customized training programs, and many others.

JFF's research on small business training, combined with earlier research on Connecticut's overall economy, suggest that this public/private board have the following four capabilities:

1. **Comprehensive framework for data and information.**
   The Board should put together current and future labor market information —now often produced using different assumptions, regional boundaries, and definitions — into a comprehensive framework that provides a clear and concise picture of the state's economy. This information must be distributed widely.
2. **Coordinate needs and programs.**
   The Board should assess the needs in the state for training, education, and other human resource efforts, determining whether existing programs meet those needs and how programs should be designed and coordinated to ensure success. This report has illustrated the need for such coordination among public *and* private sector training and education programs in Connecticut. For instance, the Board could implement the Common Core of Training, Large Helping Small programs, and other multi-sector training and education programs.
3. **Evaluate and measure results.**
   The Board should, on a continuing basis, evaluate training and education program goals and outcomes. These results then should be fed back into the data collection and needs assessment functions, with appropriate recommendations made for program changes.
4. **Coordinate and conduct public education communications.**
   Many good education and training programs exist in the state today, and some additions are needed. If small business managers and workers are to take advantage of these programs, better communications must occur. Such communications must be coordinated across government agency lines and across the public and private sectors. These efforts must provide a comprehensive view of the resources available for training and education, how individuals and organizations can take advantage of these resources, and how different sectors can work together. The need for such public education communications cannot be overemphasized.

Conclusion

Small businesses are an important part of Connecticut's economy. They employ 65% of the private sector workforce; they will create about 60% of all new jobs in the foreseeable future. They are found in every community and town. And they serve as critical suppliers of goods and services to large companies and the economy at-large.

Connecticut's small businesses face a changing economy, and resulting challenges. They find themselves in the midst of a worsening labor shortage, an aging workforce and changing skills demanded in the workplace. Training will play an important part in preparing workers to succeed in this changing economy. Yet as this report indicates, training programs in Connecticut's public and private sectors are not prepared to meet these needs.

This report, *Closing the Gap: Meeting the Small Business Training Challenge in Connecticut*, provides a path to improve small business training in the state — in program content, delivery, communications, and coordination.

The recommendations made in this report cannot be acted on by one sector alone. Indeed they must be implemented with the active participation of all sectors: government, business, labor, community-based groups, educators and others. In doing so, these sectors must work together, perhaps in ways they haven't worked before. Partnerships must form in domains once thought reserved for a single sector. And in an era of limited resources, better communications and coordination within and between these sectors are required. Whether or not the small business training challenge is met in Connecticut has many implications for the state's people, its small businesses, and overall economic health. The stakes are high. Now the stakeholders must act.

Methodology

This study was conducted through a three-step, integrative and interactive research approach. The following paragraphs describe the methodology employed.

Step 1

Review of literature

The substantive foundation for this study was Jobs for the Future's 1986 report on the Connecticut economy, *Jobs for Connecticut's Future*. In addition, other secondary sources were used in this effort. A selected reference list is provided in Appendix A.

Step 2

Public Attitude Surveys

Two public attitude surveys were conducted as part of the research for this study. One of small business managers, and the other of small business employees. For the purposes of this research, "small business" was defined as firms with fewer than 250 employees.

The surveys were designed by Jobs for the Future in consultation with the Institute for Social Inquiry at the University of Connecticut. The Institute fielded the surveys.

The methodology for fielding the two surveys is as follows. It has been provided to Jobs for the Future by the Institute for Social Inquiry.

Survey of Small Business Managers: Southern New England Telephone provided a random sample of business telephone numbers in the state of Connecticut. When a number was reached, the interviewer asked screening questions to determine the number of employees. If the business had fewer than 250 employees at all locations, the interviewer asked to speak to an owner or senior manager. Where necessary, appointments were made to call respondents at an alternate time.

Near the end of the study, when it was necessary to concentrate efforts on reaching "larger" small businesses (i.e., those with 50 or more employees), the Connecticut Business and Industry Service Directory for 1988-1989 and the Directory of Connecticut Manufacturers for 1987 were used as references to locate businesses of the appropriate size. The telephone numbers actually called were selected at random from all businesses falling into a particular size category. This procedure was necessary as using the telephone numbers provided by Southern New England Telephone resulted in a low yield of "larger" small businesses.

For this study, interviewing took place almost entirely during business hours on weekdays, except for call-backs scheduled at other times with the respondent. All interviewing was conducted by staff of the Institute for Social Inquiry from a centralized telephone bank on the University of Connecticut campus at Storrs.

Survey of Small Business Employees: The survey was conducted among the general public, aged 18 or over, in the state of Connecticut. Randomly selected non-business telephone numbers were supplied by Southern New England Telephone. Once a household was reached, screening questions were asked to determine if anyone in the household worked full-time for a private business with fewer than 250 employees. Employees of non-profit organizations were excluded, as were adults who were the owner or senior manager of a business. (The latter group had the potential of being included in the parallel survey of managers of small businesses.) If more than one adult in the household met the criteria for inclusion in the study, a random selection table was used to choose the respondent, ensuring that the distribution of respondents was unbiased with regard to age or sex.

Up to five attempts were made to reach a telephone number before it was dropped from the study. If a telephone was reached but the appropriate respondent was not present, an

appointment was made to call back. Interviewing took place on week-day evenings and on weekends. All interviewing was conducted by staff of the Institute for Social Inquiry from a centralized telephone bank on the campus of the University of Connecticut, Storrs.

Step 3

In-depth Follow-up Interviews

A series of in-depth follow-up interviews were conducted by Jobs for the Future staff in order to explore findings from the two surveys and to test the feasibility and support for possible recommendations for action. These interviews were qualitative in nature.

Two groups of individuals were interviewed. The first group consisted of twenty training and education experts, representing private industry councils, community-based organizations, the state, business and industry organizations, professional associations, and others in Connecticut. A list of those interviewed is found in Appendix B.

The second group of individuals interviewed consisted of small business managers. In total, fifteen in-depth interviews were conducted. Individuals were contacted with the assistance of local chambers of commerce from across the state. Those interviewed represented a cross-section of small businesses by size and sector as well as in geographic location.

Appendix A: Selected Reference List

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Appendix B: List of Expert Interviews

Judith Baldwin
South Central Connecticut Regional Council on Education for Employment (RCEE)

Paul Bjorndhal
Customized Training Program, Connecticut Department of Labor

Jim Branciforte
Connecticut Training, Research, and Assistance Cooperative Extension Service (TRACES)

Joe Carrah
Waterbury Private Industry Council

Bob Craig
American Society of Training and Development

Anne Crawford
Hartford Chamber of Commerce

Hank Durrell
Bridgeport Private Industry Council

Bertha Freeman
Urban League Church Academy

Alex Johnson
North Windham Chamber of Commerce

Lauren Kaufman
Education & Training Policy, Connecticut Business and Industry Association

Larry McHugh
Middletown Chamber of Commerce

Kathy Pytleski
YWCA of Greater Bridgeport

Judy Resnick
Business Services Network, Community Colleges of Connecticut

Ted Sergi
Connecticut State Division of Adult and Vocational and Technical Education

Francis Silva
Small Businesses Services, Connecticut Department of Economic Development

Louise St. Onge
Connecticut Association of Continuing Education

Rosemary Talmadge
Job Connection, Connecticut Department of Income

Jane Tedder
Connecticut Bureau of Adult Education

Kathy Wimer
State Job Training Coordinating Council of Connecticut

Anne Wingate
Education and Training Consultant

Jobs for the Future (JFF) is a non-profit, non-partisan organization that helps states anticipate and manage economic change. JFF's ultimate goal is results: action by individuals, elected officials, private corporations, educators, unions, and community leaders to strengthen a state's work force and economy. To achieve this goal, JFF undertakes activities that address four concerns: to *advance understanding* about emerging economic trends, to *promote innovation* in employment, economic development and education programs, to *strengthen state and community mechanisms* for making and implementing policy, and to *empower individuals* to understand and benefit from economic change.

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